

IN THE CHANCERY COURT FOR LEWIS COUNTY
AT HOHENWALD, TENNESSEE

IN RE:

SENTINEL TRUST COMPANY

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NO. 4781

MOTION OF SENTINEL TRUST RECEIVER REGARDING DISPOSITION OF CLAIM
SUBMITTED BY TENNESSEE DEPARTMENT OF REVENUE

I. INTRODUCTION

On July 10, 2007, the Tennessee Department of Revenue ("TDR") submitted a Proof of Claim to the Sentinel Trust Receiver ("Receiver") for franchise and excise taxes it maintained was owed by Sentinel Trust Company for the year 2003 ("TDR Claim"). See Exhibit 1. The Receiver and the TDR have had discussions regarding the TDR Claim and have reached agreement regarding the recommended disposition of the TDR Claim relating to both the amount of the claim and its priority classification – i.e., total claim amount of \$3,859.40 and classification of the claim as a Class 5B claim. Through this Motion, the Receiver requests the Court to approve this recommendation and to enter an Order accordingly. **The Receiver can represent to the Court that the TDR does not oppose, and, in fact, agrees with and supports this Motion.**

II. DISCUSSION

The TDR Claim relates to franchise and excise taxes owed by Sentinel Trust Company for the tax year 2003, which was prior to the May 18, 2004 institution of the Sentinel Trust receivership. The TDR Claim was submitted after the Court's January 22, 2007 Bar Order regarding claims as against the Sentinel Trust receivership. However, in investigating the TDR

Claim, it became apparent to the Receiver that dispute existed as to whether or not the TDR was aware of the establishment of deadlines by which claims were to be submitted. To avoid protracted discussion and filings with the Court over the issue of notice and in light of the TDR's position that it did not know of claim filing deadlines, the Receiver recommends that the Court approve acceptance of the TDR Claim as timely.

Using the factual findings regarding the financial condition of Sentinel Trust Company prior to receivership, that are set forth in In Re: Sentinel Trust Company, 206 S.W.2d 501 (Tenn Ct. App. 2005)(application for cert. to Tn. Sup. Ct. denied July 3, 2006; application for cert. to U.S. Sup. Ct. denied November 6, 2006 – 127 S.Ct. 566, 166, L.Ed.2d 142), the Receiver proposed to the TDR that an amount of \$3,474.25 be recommended to this Court as the amount of the TDR Claim. TDR agreed with this proposal, but requested that interest and penalty be calculated up to the time of the May 18, 2004 institution of the Sentinel Trust receivership and that those amounts be added to the claim amount. The TDR specifically proposed \$347.43 in penalty assessment and \$37.72 in interest assessment – for a total claim amount of \$3,859.40. Deferring to the correctness of the TDR's calculations of those penalty and interest amounts, the Receiver agrees and recommends that the total TDR Claim be set at \$3,859.40.

Classification of the TDR Claim as a Class 5B claim – which is agreed to by both the Receiver and the TDR – is consistent with the priority classification system approved by the Court in its December 20, 2006 Order. In that Order, the Court approved a differentiation as between Class 5 claims (claims relating to funds that were or should have been held by Sentinel Trust to address payments on bond issues for which it was trustee or paying agents) and Class 5B claims (claims relating to the general business of Sentinel Trust as a corporation). The franchise and excise tax liability giving rise to the TDR Claim would be a liability of Sentinel Trust as a

corporation, not as a trustee or paying agent to a bond issue. Therefore, it would be appropriate to classify the TDR Claim as a Class 5B claim.

Accordingly, the Receiver moves the Court to approve the TDR Claim in the amount of \$3,859.40 and with the claim classification of Class 5B. Because no interim distribution has been made to holders of Class 5B claims, this request will not involve payment of any amount on the TDR Claim at this time, but rather will involve simply placing the TDR Claim amongst the listings of other Class 5B claims to be paid, if funds are available, upon further motion to and order of this Court.

III. REQUEST FOR ENTRY OF ORDER ADDRESSING THIS MOTION AS A FINAL ORDER PURSUANT TO RULE 54.02 TENN.R.CIV.P.

As has been the case regarding previous motions/orders dealing with the determination of claims (see e.g., Order entered December 20, 2006 at p. 3), certainty and finality of the determination of the TDR Claim is needed. For that reason, and because no just reason for delay in entering an order relating to this matter exists, the Receiver requests that the Court direct the Clerk and Master to enter the order addressing this Motion as a final appealable order on the matters addressed in that order. Rule 54.02 Tenn.R.Civ.P.

IV. RESPONSE TO MOTION AND HEARING AS TO ANY OPPOSITION

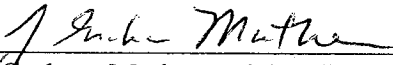
Pursuant to Court Order entered on August 8, 2006, any response in opposition to this Motion is to be filed with the Lewis County Chancery Court Clerk and Master on or before Monday, February 25, 2008. A copy of any such opposition is to be received by undersigned counsel and a copy mailed to the Court's Chambers [Honorable Jerry Scott, 119 North Maple Street, Murfreesboro, Tennessee 37130] on or before Monday, February 25, 2008. If any response in opposition is filed, the matter will be set for hearing through further notice served on

all parties. If no response in opposition is filed by the above stated time, the Court may grant the Motion without further notice being given.

V. CONCLUSION

Accordingly, the Receiver respectfully moves this Court for an Order approving the TDR Claim as requested herein and to direct that said Order be entered as final pursuant to Rule 54.02 Tenn.R.Civ.P.

Respectfully submitted,



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*Counsel for Receivership Management, Inc.,
Receiver of Sentinel Trust Company*

CERTIFICATE OF SERVICE

This is to certify that, on February 11, 2008, a copy of the foregoing Motion has been sent by First Class U.S. Mail, postage paid, and by Federal Express as noted, to:

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J. Graham Matherne

SENTINEL TRUST COMPANY

(Name of Bank/Financial Institution)

Claim No. 19038

PROOF OF CLAIM

SSN/Tax ID #62-0961880

Personally appeared before me, the undersigned Wilbur E. Hooks who, being duly sworn, says that the SENTINEL TRUST COMPANY, now in Liquidation is justly indebted to the Tennessee Department of Revenue in the sum of TWENTY-EIGHT THOUSAND FOUR HUNDRED FIFTY-SEVEN & 15/100 Dollars upon the following claim:

D E P O S I T S	Account Type	Liability Number	Uninsured Principal	Liability Number	Uninsured Interest
	Total P & I				
C L A I M S	Description of (invoice) claim:			Liability Number	Amount of Claim
	<u>Franchise, etc.</u> (see attached summary sheet)				\$28,457.15
				Total Claim:	\$28,457.15

Deponent further states that he/she makes this claim on behalf of the Tennessee Department of Revenue and that no part of said debt has been paid, that the Tennessee Department of Revenue has given no endorsement or assignment of the same or any part thereof and that there is no set-off or counterclaim, or other legal or equitable defense to said claim or any part thereof.

Name Wilbur E. Hooks Assistant Director
 (Signature of Person making the claim) (Title)

Firm Tennessee Department of Revenue

Deadline for filing
 Proof of Claim is

Address 500 Deaderick Street, Andrew Jackson Building, 4th Floor

CITY/STATE/ZIP Nashville, TN 37242

(Bar Date)

COPY

THE PENALTY FOR KNOWINGLY MAKING OR INVITING RELIANCE ON ANY FALSE, FORGED, OR COUNTERFEIT STATEMENT, DOCUMENT, OR THING FOR THE PURPOSE OF INFLUENCING IN ANY WAY THE ACTION OF THE RESOLUTION TRUST CORPORATION IS A FINE OF NOT MORE THAN \$1,000,000 OR IMPRISONMENT FOR NOT MORE THAN TWENTY YEARS, OR BOTH (18 U.S.C. 1007).

EXHIBIT

